

Name \_\_\_\_\_

Period \_\_\_\_\_

**International Trade**  
**Chapter 4 Section 1**  
**The Global Marketplace**

**International Trade**

Involves the exchange of goods and services \_\_\_\_\_.

- \_\_\_\_\_ are goods and services \_\_\_\_\_ from other countries
- \_\_\_\_\_ are goods and services \_\_\_\_\_ to other countries.

**Interdependence of Nations**

- Interdependence occurs because each nation possesses \_\_\_\_\_ resources and capabilities.
- Other nations may have a \_\_\_\_\_ of something that another has an \_\_\_\_\_ of.

**Absolute Advantage**

- When a country has a \_\_\_\_\_ that allow it to produce a product at the \_\_\_\_\_ cost possible.  
Example: \_\_\_\_\_
- \_\_\_\_\_ even when absolute advantage does not exist.

**Comparative Advantage**

- The value that a nation gains by selling the goods that it produces most \_\_\_\_\_  
Examples: \_\_\_\_\_
- Products that are \_\_\_\_\_ may be produced in emerging nations giving them a comparative advantage.  
Example: \_\_\_\_\_

**Benefits of International Trade**

- \_\_\_\_\_ benefit because they can get high-quality goods at lower prices.
- Producers have places to \_\_\_\_\_ business.
- Workers have \_\_\_\_\_ by trade.

- Economic alliances help to build \_\_\_\_\_.

### **Government Involvement**

- All nations \_\_\_\_\_ their trade with foreign businesses.

### **Balance of Trade**

- The \_\_\_\_\_ between exports and imports of a nation
- \_\_\_\_\_ – importing more than exporting
- \_\_\_\_\_ – exporting more than importing

### **Effects of Deficit**

- \_\_\_\_\_ a nation's revenue and becomes a debtor nation.
- Weaker \_\_\_\_\_
- Increased \_\_\_\_\_
- Foreign workers \_\_\_\_\_
- More competition for domestic businesses

### **Trade Barriers**

Trade \_\_\_\_\_ imposed by nation's government.

### **Tariff**

- Sometimes called a \_\_\_\_\_
- A \_\_\_\_\_ on import

### **Quotas**

- A \_\_\_\_\_ on the quantity or monetary value of a product that may be imported.

### **Embargo**

- A \_\_\_\_\_ on specific goods coming into or leaving a nation.
- \_\_\_\_\_ reasons
- \_\_\_\_\_ reasons -- political embargos can last a long time.

## **Trade Agreements and Alliances**

### **General Agreement on Tariffs and Trade GATT**

- An international agreement designed to \_\_\_\_\_ and promote global \_\_\_\_\_ among \_\_\_\_\_ nations.
- \_\_\_\_\_ and set common trade rules.
- Had no enforcement power

### **The World Trade Organization WTO**

- Coalition of \_\_\_\_\_
- \_\_\_\_\_ International Trade
- Formed in \_\_\_\_\_
- \_\_\_\_\_ GATT
- Created by GATT to \_\_\_\_\_ and resolve \_\_\_\_\_
- Addresses intellectual property rights, investment, and services.

### **North American Free Trade Agreement (NAFTA)**

- Agreement between \_\_\_\_\_
- January 1, 1994
- \_\_\_\_\_ trade with Mexico
- \_\_\_\_\_ tariffs on more than 4,500 products.

### **European Union (EU)**

- \_\_\_\_\_ for all member nations
- \_\_\_\_\_ among members
- Created a central bank
- Strengthened currency of most nations.
- United members as a trading \_\_\_\_\_.